

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
SOUTHERN DIVISION

SECURITIES AND EXCHANGE SEC,

Plaintiffs,

vs.

HOMESTEAD PROPERTIES, L.P.,  
HOMESTEAD LIMITED, L.L.C.,  
CALIFORNIA WEALTH  
MANAGEMENT GROUP, d.b.a. IFC  
ADVISORY, HEATH M.  
BIDDLECOME, and WILLIAM C.  
TAK,

Defendants,

HOMESTEAD NORTHLAND MHC,  
LLC, and JACKSON MHC, L.L.C.,

Relief Defendants,

Case No.: SACV09-01331-CJC(MLGx)

PRELIMINARY INJUNCTION AND  
OTHER PROVISIONAL RELIEF

1           **I. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

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3           Plaintiff the Securities and Exchange Commission (“SEC”) has filed a Complaint  
4 seeking a permanent injunction and other relief, and a motion for a preliminary injunction  
5 pursuant to Rule 65(a) of the Federal Rules of Civil Procedure. The Court has considered  
6 the Complaint, exhibits, memoranda, and declaration, and now finds and concludes that:

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8           A.     This Court has subject matter jurisdiction over this action.

9

10           B.     On November 12, 2009, the SEC filed an *Ex Parte* Application for a  
11           Temporary Restraining Order and Orders: (1) Freezing Assets, (2) Appointing  
12           a Temporary Receiver, (3) Prohibiting the Destruction of Documents, and (4)  
13           Granting Expedited Discovery, and (5) an Order to Show Cause Re  
14           Preliminary Injunction and Appointment of a Permanent Receiver.

15

16           C.     On November 16, 2009, the Court granted a temporary restraining order  
17           (“TRO”) and orders freezing assets, appointing Robb Evans & Associates LLC  
18           as temporary receiver, and prohibiting the destruction of documents. The  
19           Court also ordered to show cause why a preliminary injunction should not issue  
20           and why a permanent receiver should not be appointed.

21

22           D.     As part of its November 16, 2009 TRO, the Court found that there is good  
23           cause to believe that Defendants Homestead Properties, L.P., Homestead  
24           Limited, L.L.C., IFC, Biddlecome, and Tak might be engaging in, or may  
25           continue to engage in, practices that violate Sections 5(a), 5(c) and 17(a) of the  
26           Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§ 77e(a), 77e(c), and  
27           77q(a), Sections 10(b) and 15(a) of the Securities Exchange Act of 1934  
28           (“Exchange Act”), 15 U.S.C. §§ 78j(b) and 78o(a), and Rule 10b-5 thereunder,

17 C.F.R. § 240.10b-5, and Sections 204, 206(1), (2), and (4) of the Investment  
Advisers Act of 1940 (“Advisers Act”), 15 U.S.C. §§ 80b-4, 80b-6(1), (2) and  
(4) and Rule 206(4)-8 thereunder, 17 C.F.R. § 275.206(4)-8.

5 **II. DEFINITIONS**

- 7 a. “Defendants” refers to Homestead Properties, L.P., Homestead Limited,  
8 L.L.C., California Wealth Management Group, d.b.a. IFC Advisory, Heath  
9 Biddlecome, and William C. Tak;
- 11 b. “Relief Defendants” refers to Homestead Northland MHC, LLC and Jackson  
12 MHC, L.L.C.;
- 14 c. “Homestead Entities” refers to Homestead Properties, L.P., Homestead  
15 Limited, L.L.C., Homestead Northland MHC, LLC and Jackson MHC,  
16 L.L.C.

18 **III. PRELIMINARY INJUNCTION**

20 Defendants, Relief Defendants and their officers, agents, servants, employees,  
21 attorneys, subsidiaries and affiliates, and those persons in active concert or  
22 participation with any of them, who receive actual notice of this Preliminary  
23 Injunction and Other Provisional Relief, by personal service or otherwise, and  
24 each of them, are PRELIMINARILY RESTRAINED AND ENJOINED from  
25 directly or indirectly transferring, assigning, selling, hypothecating, changing,  
26 wasting, dissipating, converting, concealing, encumbering, or otherwise  
27 disposing of, in any manner, any funds, assets, securities, claims, or other real  
28 or personal property, including any notes or deeds of trust or other interests in

1 real property, wherever located, of Defendants Homestead Entities or their  
2 subsidiaries or affiliates, owned by, controlled by, managed by or in the  
3 possession or custody of any of them and from transferring, encumbering,  
4 dissipating, incurring charges or cash advances on any debit or credit card or  
5 the credit arrangement, of the Defendants Homestead Entities, and their  
6 subsidiaries and affiliates.

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8 **IV. ASSET FREEZE**

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10 IT IS ORDERED that a freeze shall continue to be placed on the following  
11 accounts:

<b>Bank Name</b>	<b>Account Name</b>	<b>Account No.</b>
Wells Fargo Bank, NA	Homestead Properties, L.P.	888-7914102
Wells Fargo Bank, NA	Homestead Properties, L.P.	285-8490341
Wells Fargo Bank, NA	Homestead Properties, L.P.	186-4318785
Wells Fargo Bank, NA	Homestead Properties, L.P.	293-4909595
Wells Fargo Bank, NA	Homestead Northland HMC, LLC	786-6608920
American Funds	Homestead Properties, L.P.	83017486
Charles Schwab	Homestead Properties, L.P.	2424-5834

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23 **V. DOCUMENTS**

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25 A. IT IS ORDERED that, except as otherwise ordered by this Court, Defendants,  
26 Relief Defendants, and their officers, agents, servants, employees, attorneys,  
27 subsidiaries and affiliates, including the other entities in receivership, and those  
28 persons in active concert or participation with any of them, who receive actual

1 notice of this Preliminary Injunction and Other Provisional Relief, by personal  
2 service or otherwise, and each of them, be and hereby are PRELIMINARILY  
3 RESTRAINED AND ENJOINED from, directly or indirectly, destroying,  
4 mutilating, concealing, transferring, altering, or otherwise disposing of, in any  
5 manner, any documents, which includes all books, records, computer programs,  
6 computer files, computer printouts, contracts, correspondence, memoranda,  
7 brochures, or any other documents of any kind in their possession, custody or  
8 control, however created, produced, or stored (manually, mechanically,  
9 electronically, or otherwise), pertaining in any manner to Defendants and Relief  
10 Defendants, and their subsidiaries and affiliates.

11

12 B. IT IS FURTHER ORDERED that representatives of the SEC and the permanent  
13 Receiver appointed herein shall be immediately allowed to inspect the books,  
14 records, and other documents of Defendants and Relief Defendants and their  
15 officers, agents, servants, employees, attorneys, subsidiaries and affiliates,  
16 including the other entities in receivership, including, but not limited to,  
17 electronically stored data, tape recordings, and computer discs, whether they  
18 may be situated and whether they are in the possession of the Defendants or  
19 Relief Defendants or others, and to copy said documents, data and records,  
20 either on or off the premises where they may be situated; and that the U.S.  
21 Marshal's Office is authorized and directed to accompany and assist SEC  
22 representatives and designated agents of the SEC, as well as agents and  
23 employees of the permanent Receiver appointed herein, to assist said persons in  
24 the service and execution of this Preliminary Injunction and Other Provisional  
25 Relief and to undertake such efforts as are reasonably necessary to ensure that  
26 the terms of this Preliminary Injunction and Other Provisional Relief are  
27 effectuated.

1 C. IT IS FURTHER ORDERED that representatives of the SEC are authorized to  
2 have continuing access to inspect or copy any or all of the corporate books and  
3 records and other documents of Defendants, Relief Defendants, and their  
4 agents, owners, servants, employees, attorneys, subsidiaries and affiliates, and  
5 the SEC will have continuing access to inspect their funds, property, assets and  
6 collateral.

7

8 **VI. RECEIVER**

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10 A. IT IS ORDERED that the temporary Receiver appointed under this Court's  
11 TRO shall become permanent Receiver in this proceeding with all of the duties  
12 and powers set forth in the TRO. Pursuant to the TRO, Defendants, Relief  
13 Defendants, and all other persons served with a copy of the Preliminary  
14 Injunction and Other Provisional Relief shall cooperate fully with and assist the  
15 permanent Receiver.

16

17 B. IT IS FURTHER ORDERED that the permanent Receiver shall file an interim  
18 report on or before January 4, 2010. The interim report shall summarize  
19 information obtained by the permanent Receiver to date regarding the  
20 Defendants' and Relief Defendants' assets and liabilities, and shall include such  
21 additional information and recommendations as the permanent Receiver shall  
22 deem appropriate. Any response to the permanent Receiver's interim report  
23 shall be filed on or before January 18, 2010.

24

25 C. IT IS FURTHER ORDERED that no officer, agent, servant, employee, or  
26 attorney of Defendants or Relief Defendants shall take any action or purport to  
27 take any action, in the name of or on behalf of the Homestead Entities without  
28 the written consent of the permanent Receiver or order of this Court.

1  
2 D. IT IS FURTHER ORDERED that, except by leave of this Court, during the  
3 pendency of this receivership, all clients, investors, trust beneficiaries, note  
4 holders, creditors, claimants, lessors, and all other persons or entities seeking  
5 relief of any kind, in law or in equity, from Defendants, Relief Defendants or  
6 their subsidiaries or affiliates, and all persons acting on behalf of any such  
7 investor, trust beneficiary, note holder, creditor, claimant, lessor, consultant  
8 group, or other person, including sheriffs, marshals, servants, agents,  
9 employees, and attorneys, are hereby PRELIMINARILY RESTRAINED AND  
10 ENJOINED from, directly or indirectly:

11

12 i. Commencing, prosecuting, continuing or enforcing any suit or  
13 proceeding (other than the present action by the SEC) against any of  
14 the Defendants or Relief Defendants;

15

16 ii. Using self-help or executing or issuing or causing the execution or  
17 issuance of any court attachment, subpoena, replevin, execution or  
18 other process for the purpose of impounding or taking possession of  
19 or interfering with or enforcing a lien upon any property or property  
20 interests owned by or in the possession of the Homestead Entities; and

21

22 iii. Doing any act or thing whatsoever to interfere with taking control,  
23 possession or management by the permanent Receiver appointed  
24 hereunder of the property and assets owned, controlled or managed by  
25 or in the possession of the Homestead Entities, or in any way to  
26 interfere with or harass the permanent Receiver or his or her attorneys,  
27 accountants, employees or agents or to interfere in any manner with

28

1 the discharge of the permanent Receiver's duties and responsibilities  
2 hereunder.

3

4 E. IT IS FURTHER ORDERED that Defendants, Relief Defendants, and their  
5 subsidiaries, affiliates, officers, agents, servants, employees, and attorneys shall  
6 cooperate with and assist the permanent Receiver and shall take no action,  
7 directly or indirectly, to hinder, obstruct, or otherwise interfere with the  
8 permanent Receiver or his or her attorneys, accountants, employees, or agents,  
9 in the conduct of the permanent Receiver's duties or to interfere in any manner,  
10 directly or indirectly, with the custody, possession, management, or control by  
11 the permanent Receiver of the funds, assets, collateral, premises, and choses in  
12 action described above.

13

14 F. IT IS FURTHER ORDERED that except for an act of gross negligence, the  
15 permanent Receiver shall not be liable for any loss or damage incurred by any  
16 Defendants, Relief Defendants, their officers, agents, servants, employees and  
17 attorneys or any other person, by reason of any act performed or omitted to be  
18 performed by the permanent Receiver in connection with the discharge of his or  
19 her duties and responsibilities.

20

21 G. IT IS FURTHER ORDERED that the permanent Receiver and all personnel  
22 hired by the permanent Receiver as herein authorized, including counsel to the  
23 permanent Receiver, are entitled to reasonable compensation for the  
24 performance of duties pursuant to this Preliminary Injunction and Other  
25 Provisional Relief and for the actual out-of-pocket expenses incurred by them,  
26 from the assets now held by, or in the possession or control of, or which may be  
27 received by Defendants Homestead Properties, L.P., Homestead Limited,  
28 L.L.C., IFC, Relief Defendants and their subsidiaries and affiliates. The

1 permanent Receiver shall file with the Court and serve on the parties periodic  
2 requests for payment of such reasonable compensation, with the first such  
3 request filed no more than sixty (60) days after the date of this Preliminary  
4 Injunction and Other Provisional Relief. The permanent Receiver shall not  
5 increase the hourly rates used as the basis for such fee applications without  
6 prior approval of the Court. The SEC shall have the right to object to any fee  
7 application made by the permanent Receiver.

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9 H. IT IS FURTHER ORDERED that representatives of the SEC and the permanent  
10 Receiver appointed herein shall continually be permitted to inspect the books,  
11 records, and other documents of Defendants, Relief Defendants and their  
12 officers, agents, servants, employees, attorneys, subsidiaries and affiliates,  
13 including the other entities in receivership, including, but not limited to,  
14 electronically stored data, tape recordings, and computer discs, whether they  
15 may be situated and whether they are in the possession of the Defendants or  
16 others, and to copy said documents, data and records, either on or off the  
17 premises where they may be situated; and that the U.S. Marshal's Office is  
18 authorized and directed to accompany and assist SEC representatives and  
19 designated agents of the SEC, as well as agents and employees of the  
20 permanent Receiver appointed herein, to assist said persons in the service and  
21 execution of this order and to undertake such efforts as are reasonably  
22 necessary to ensure that the terms of this Preliminary Injunction and Other  
23 Provisional Relief are effectuated.

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25 I. IT IS FURTHER ORDERED that Defendants, Relief Defendants, and their  
26 officers, agents, owners, servants, employees, attorneys, subsidiaries and  
27 affiliates shall cooperate fully with the SEC and the permanent Receiver to  
28 locate and provide representatives of the SEC and the permanent Receiver all

1 books and records of the Defendants, wherever such books and records may be  
2 situated.

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4 **VII. SERVICE AND CONTINUING JURISDICTION**

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6 A. IT IS ORDERED that copies of this Preliminary Injunction and Other  
7 Provisional Relief may be served by any means, including facsimile  
8 transmission, upon any financial institution or other entity or person that may  
9 have possession, custody, or control of any documents or assets of Defendants  
10 or Relief Defendants that may be subject to any provision of this Preliminary  
11 Injunction and Other Provisional Relief.

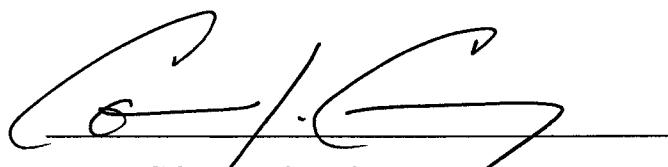
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13 B. IT IS FURTHER ORDERED that this Preliminary Injunction and Other  
14 Provisional Relief shall remain in full force and effect until further order of this  
15 Court, and that this Court retains jurisdiction of this matter for all purposes.

16

17 DATED: December 18, 2009

18



19 CORMAC J. CARNEY

20 UNITED STATES DISTRICT JUDGE